

Stodir Press Release, August 29<sup>th</sup> 2008:

## Stodir reports a net loss of ISK 11.6 billion in Q2 2008

Stodir (previously FL Group) reported a loss of ISK 11.6 billion (EUR 97 million) after tax in Q2 2008. Before tax, the loss amounted to ISK 10.2 billion (EUR 86 million) for the period, mostly due to an increased cost of capital and a decrease in the market value of the Company's stake in Glitnir Bank. Over the past months, Stodir has divested a number of assets in order to streamline the Company's asset portfolio. The Company's shares were delisted from the OMX Nordic Exchange Iceland in June. In July, the Company changed its name to Stodir and announced the acquisition of a substantial stake in Baugur Group.

At the end of Q2, Stodir's shareholders' equity was ISK 87 billion (EUR 694 million), with total assets of ISK 352 billion (EUR 2.8 billion). The Company's equity ratio in investment operations amounted to 29.2%. Following the acquisition of the stake in Baugur Group, the proforma equity ratio in investment operations will rise to approximately 35%.

### Operational highlights:

- » In Q2, Stodir's single largest asset, a 32% stake in Glitnir Bank, saw its market value decrease by 10.7%, equating to ISK 8.9 billion. However, the bank's operational performance remained strong. During the first six months of 2008, the bank's core income increased by more than 50% compared to same period last year. The bank's profit in the first six months amounted to ISK 13.4 billion which is equivalent to a ROE of 15%. Glitnir's equity at the end of Q2 amounted to ISK 200 billion (EUR 1.6 billion) and total assets were ISK 3,861 billion (EUR 31 billion).
- » TM, which forms a part of Stodir's consolidated accounts, reported a loss of ISK 130 million (EUR 1.1 million) in Q2. Return on insurance operations, as well as on investment operations, improved between quarters. However, the return on most of the Company's insurance classes was below expectations in the first half of the year. The return on voluntary motor insurances was unacceptable and the return on marine and cargo insurances in Norway was also below expectations due to high claims costs. The combined ratio of the Company's insurance operations amounted to 128.6% in Q2. Nonetheless, the financial position of TM remains strong and at the end of Q2, TM's equity was ISK 23.9 billion (EUR 191 million), with an equity ratio of 30.3%.
- » Landic Property reported a profit of ISK 5.4 billion (EUR 48 million) from continuing operations in the first half of 2008 and a profit of ISK 435 million (EUR 4 million) for the period. Total assets at the end of June amounted to ISK 592 billion (EUR 4.7 billion) and shareholder's equity amounted to ISK 73 billion (EUR 580 million).
- » In the beginning of July, Stodir acquired a substantial stake in Baugur Group in return for shares in Stodir. The transaction, which is being finalised, will result in an ISK 25 billion (EUR 200 million) increase in Stodir's shareholders' equity. Baugur Group is one of the largest investors in retail and fashion in the UK and Scandinavia. The Company's main investments include Iceland, House of Fraser, Mosaic Fashions, Hamley's, Goldsmiths, Magasin du Nord and Saks.
- » In June, Stodir divested its stakes in the property companies Eikarhald and Fasteignafelag Islands. Recently, an agreement was reached where Stodir is divesting its entire 34.8% stake in Northern Travel Holding. When the transaction is finalised, Stodir will have completed a process initiated at year-end 2007 of exiting all investments in the aviation sector. Earlier in 2008, Stodir divested its stakes in AMR and Finnair.
- » Stodir's shareholders' meeting on 9<sup>th</sup> May approved a motion to delist the Company from the OMX Nordic Exchange Iceland by 99.86% of the votes cast. Owners of 16% of the Company's equity accepted Stodir's offer to liquidate their stakes in exchange for equivalent stakes in Glitnir bank and therefore, owners of 84% of the Company's equity chose to remain shareholders in the delisted company. The Company's shares were delisted on 6<sup>th</sup> June 2008.
- » Following an extensive restructuring of the Company's operations and investment strategy, the name of the Company was changed to Stodir on 4<sup>th</sup> July 2008, subject to approval from the Company's shareholders' meeting. The name Stodir, which means "support" in Icelandic, reflects the Company's current operations and main strategy of being a leading shareholder in Glitnir, TM, Baugur Group and Landic Property.

### Jon Sigurdsson, CEO of Stodir:

"Over the second quarter we have focused on stabilising the company and have made progress with the corporate restructuring process. The decrease in market value of assets and an increase in cost of capital are the main factors in this quarter's loss. We have divested assets which were no longer a logical fit to our revised investment strategy, delisted, and

changed the Company's name to better reflect current operations. The acquisition of the stake in Baugur Group results in Stodir's equity increasing by ISK 25 billion. Baugur Group will be joining the Company's core investments which include; Glitnir, TM and Landic Property. Stodir's aim is to support these companies on a long-term basis as a leading shareholder."

## Financial highlights:

- » Net loss before tax amounted to ISK 10.2 billion (EUR 86 million) in Q2 2008. Net loss after tax amounted to ISK 11.6 billion (EUR 97 million) in Q2 2008 compared to a profit of ISK 8 billion in Q2 2007. Accumulated loss in the first six months of 2008 amounted to ISK 59.4 billion compared to a profit of ISK 23.1 billion in the first six months of 2007.
- » Profit from investments and derivatives, consisting of listed and unlisted assets and forward agreements, was negative by ISK 4.3 billion in Q2.
- » Interest expenses increased from ISK 3.3 billion in Q2 2007 to ISK 8.5 billion in Q2 2008. Interest income grew from ISK 473 million in Q2 2007 to ISK 3.2 billion in Q2 2008.
- » Due to a lowered income tax ratio in Iceland (from 18% to 15%), which was announced in May 2008, the Company's deferred tax asset diminished by ISK 1,400 million, which was credited in the Q2 accounts.
- » Operational expenses from investment operations decreased by 38% from ISK 1,022 million in Q2 2007 to ISK 634 million in Q2 2008. For the first six month of the year, operational expenses fell by ISK 683 million to ISK 1,222 million. The Company's operational expenses were in line with expectations.
- » Stodir's total assets at the end of Q2 2008 declined by ISK 70 billion since the beginning of the year to ISK 352 billion (EUR 2.8 billion). Interest bearing debt at the end of Q2 amounted to ISK 192.7 billion.
- » Stodir's shareholders' equity amounted to ISK 86.9 billion (EUR 694 million) at the end of Q2. The equity ratio from investment operations amounted to 29.3% with a Group equity ratio of 24.7%. Following the share increase in relation to the acquisition of the stake in Baugur Group, Stodir's shareholders' equity will increase by approximately ISK 25 billion and the proforma equity ratio from investment operations is estimated at 35%.
- » The group's cash and cash equivalents at the end of Q2 totalled ISK 35 billion, of which liquid cash represented ISK 15.3 billion. Remaining debt maturing in the second half of 2008 was ISK 5.2 billion.

Attached is the overview of key figures of the income statement and balance sheet for Stodir's Q2 2008 along with a consolidated financial statement, signed by the Company's accountants.

## Further information:

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Further information on Stodir can be found at the Company's website, [www.stodir.is](http://www.stodir.is).

<b>INCOME STATEMENT (ISK billion)</b>	<b>6M 2008</b>	<b>6M 2007</b>
Net income (loss) from securities and derivatives	-27,208	20,131
Interest income	5,831	1,970
Interest expenses	-15,829	-6,280
Net foreign exchange gain	-18,028	8,834
<b>Subtotal</b>	<b>-55,234</b>	<b>24,655</b>
Insurance premium	6,636	
Insurance claims	-6,915	
<b>Subtotal</b>	<b>-279</b>	
Operating expenses	-2,960	-1,905
<b>Profit (loss) before income tax</b>	<b>-58,473</b>	<b>22,750</b>
Income tax (expenses)	-983	376
<b>Profit (loss) for the period</b>	<b>-59,456</b>	<b>23,126</b>

<b>EQUITY AND LIABILITIES</b>		
<b>ASSETS (ISK billion)</b>	<b>6M 2008</b>	<b>2007</b>
Cash and cash equivalents	15,311	21,125
Unpaid share capital		7,500
Equity investments	156,258	218,998
Bond and debt investments	22,855	16,021
Derivatives	5,506	6,604
Restricted cash	19,672	53,060
Loans and receivables including insurance receivables	69,166	42,348
Reinsurance assets	20,475	13,937
Deferred tax assets	7,530	8,623
Operating assets	1,518	2,167
Intangible assets	34,027	31,937
<b>TOTAL</b>	<b>352,318</b>	<b>422,320</b>
<b>EQUITY (ISK billion)</b>	<b>6M 2008</b>	<b>2007</b>
Share capital	11,413	13,494
Share premium	148,688	160,965
Other reserves	6,571	1,626
Retained earnings	-80,015	-20,559
Minority interest	289	318
<b>TOTAL</b>	<b>86,946</b>	<b>155,844</b>
<b>LIABILITIES (ISK billion)</b>	<b>6M 2008</b>	<b>2007</b>
Derivatives	14,566	13,488
Short positions		3,350
Trade and other payables	16,076	14,469
Insurance liability	41,374	29,626
Borrowings	192,728	204,979
Income tax liability	628	564
<b>TOTAL</b>	<b>265,372</b>	<b>266,476</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>352,318</b>	<b>422,320</b>